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## Texas State Securities Board

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IN THE MATTER OF §  
ADVANCED WELLNESS SERVICES, LLC, DBA §  
WELNESSTECH HEALTH™, RECOVERY MANAGEMENT §  
INTERNATIONAL AND RANDALL "RANDY" JOHNSON §

Order No. ENF-19-CDO-1775

TO: ADVANCED WELLNESS SERVICES, LLC, DBA WELNESSTECH HEALTH™  
31008 Clearwater Court, Georgetown, Texas 78628

RECOVERY MANAGEMENT INTERNATIONAL  
31008 Clearwater Court, Georgetown, Texas 78628

RANDALL "RANDY" JOHNSON  
31008 Clearwater Court, Georgetown, Texas 78628

### EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas (the "Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-45 (West 2010 & Supp. 2018) (the "Securities Act").

The Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find that:

#### FINDINGS OF FACT

1. This Emergency Cease and Desist Order is brought to stop the respondents from immediately and irreparably harming Texas residents through the illegal and fraudulent sale of securities tied to the financing, placement, management and servicing of medical equipment.

#### SUMMARY OF THE ACTION

2. The Enforcement Division of the State Securities Board (hereinafter referred to as the "Enforcement Division") investigated the respondents and determined they were violating the registration and disclosure requirements set forth in the Securities Act.
3. The Enforcement Division corresponded with the respondents and subsequently met with the respondents. The Enforcement Division afforded the respondents the

opportunity to voluntarily stop violating the Securities Act and become compliant with the law.

4. The respondents agreed to comply with the law and promised they would cease and desist violating the Securities Act.
5. The communications were a sham. The respondents are continuing to illegally and fraudulently offer securities, and they are threatening immediate and irreparable harm to Texas residents.

#### THE RESPONDENTS

6. Advanced Wellness Services, LLC, doing business as WellnessTech Health™ (hereinafter referred to as "Respondent Advanced Wellness"), can be served with process at 31008 Clearwater Court, Georgetown, Texas 78628.
7. Recovery Management International (hereinafter referred to as "Respondent Recovery Management") can be served with process at 31008 Clearwater Court, Georgetown, Texas 78628.
8. Randall "Randy" Johnson (hereinafter referred to as "Respondent Johnson") can be served with process at 31008 Clearwater Court, Georgetown, Texas 78628. Respondent Johnson is the President of Respondent Advanced Wellness and Respondent Recovery Management.

#### OTHER PARTIES

9. Personalized Healthcare Solutions, LLC (hereinafter referred to as "Personalized Healthcare") operates from its place of business at 116 Wilson Pike Circle #240, Brentwood, Tennessee 37027. It manages and services the medical equipment described herein.
10. Respondent Johnson is the Vice-President of Marketing of Personalized Healthcare.

#### THE PUBLIC SOLICITATIONS

11. Respondents have been publishing advertisements that specifically target Texas residents.
12. The advertisements offer Texas residents the opportunity to invest \$50,000.00 to purchase an investment tied to medical equipment.
13. The advertisements claim the investment will yield a return of 20 percent per year over a term of two years, paid on a monthly basis.

#### THE WELLNESSTECH SYSTEM

14. Respondents are referring to the medical equipment by various names, such as the PS-8X, the WellnessTech System and the WellnessTech™ Screening System (collectively hereinafter referred to as the "WellnessTech System").
15. Respondents are explaining that the WellnessTech System is "the most advanced early screening system for use by Primary Care physicians" and that it "allows the

physician to test their patients for 8 critical risk factors with a 10-minute, non-invasive test that is part of the patient's annual checkup."

16. Respondents are claiming that Respondent Advanced Wellness is the "exclusive distributor" of the WellnessTech System.

#### THE INVESTMENTS TIED TO THE WELLNESSTECH SYSTEMS

17. Respondents are offering potential investors the opportunity to purchase an investment tied to a WellnessTech System.
18. Potential investors must pay \$50,000.00 to Respondent Advanced Wellness to purchase an investment tied to a WellnessTech System.
19. Respondent Advanced Wellness purports to use the principal to finance the purchase of a WellnessTech System.
20. Respondent Advanced Wellness or Personalized Healthcare place a WellnessTech System with a medical facility and execute a service agreement with the medical facility.
21. The service agreement provides that either Respondent Advanced Wellness or Personalized Healthcare will manage the WellnessTech System.
22. The service agreement also provides the medical facility will pay a fee ranging from \$200.00 to \$250.00 to either Respondent Advanced Wellness or Personalized Healthcare whenever the medical facility uses the WellnessTech System to test a patient.
23. Respondent Advanced Wellness is promising to pay investors a return of 20 percent per year on a monthly basis over a term of two years, regardless of the number of tests administered by the WellnessTech System.
24. Respondent Advanced Wellness is also promising to pay \$5.00 to investors whenever the medical facility uses the WellnessTech System to test a patient. The return is purportedly paid on a monthly basis over the term of the service agreement with the medical facility, and Respondents claim the aggregate payment of these returns may yield an additional profit of \$15,000.00 to \$18,000.00 per year over a term of five years.

#### THE MANAGEMENT OF THE WELLNESSTECH SYSTEMS

25. Investors are passive. They are not responsible for managing or servicing the WellnessTech System.
26. Instead, Respondent Advanced Wellness or Personalized Healthcare are responsible for managing and servicing each WellnessTech System.
27. Respondent Advanced Wellness or Personalized Healthcare must maintain the WellnessTech System, service the WellnessTech system and update software used by the WellnessTech System.

28. Respondent Advanced Wellness or Personalized Healthcare must also train medical staff to use the WellnessTech System to test patients and interpret the results of tests.
29. Respondent Advanced Wellness or Personalized Healthcare must also handle billing and support for all tests conducted by the WellnessTech System.

#### THE SCHEME TO OBSTRUCT THE INVESTIGATION

30. The Enforcement Division of the State Securities Board (hereinafter referred to as the "Enforcement Division") has been investigating Respondents Advanced Wellness, Recovery Management and Johnson, as well as Personalized Healthcare.
31. The Enforcement Division determined Respondents were offering investments tied to the WellnessTech System in Texas and that these investments constituted securities regulated by the Securities Act.
32. The Enforcement Division also determined that Respondents were violating the registration and disclosure requirements set forth in the Securities Act.
33. On February 19, 2019, the Enforcement Division contacted Respondent Johnson. It told Respondent Johnson that the investments tied to the WellnessTech System were regulated as securities.
34. Although the Enforcement Division told Respondent Johnson that the investments tied to the WellnessTech System were regulated as securities, Respondents continued to offer investments tied to the WellnessTech System in violation of the registration and disclosure requirements of the Securities Act.
35. On February 28, 2019, the Enforcement Division met with Respondent Johnson. It again explained that the investments tied to the WellnessTech System constituted securities and afforded Respondents the opportunity to become compliant with the law.
36. Shortly after the meeting, Respondent Johnson sent a written communication to the Enforcement Division representing that Respondents agreed "to cease and desist offering investments tied to medical devices, such as [the] WellnessTech System..."
37. The communications were a sham. On the same day Respondent Johnson met with the Enforcement Division, Respondents again illegally offered investments tied to the WellnessTech System. Moreover, Respondents are continuing to illegally and fraudulently offer securities in Texas.

#### REGISTRATION VIOLATIONS

38. The investments tied to the WellnessTech System have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.
39. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.

#### FRAUD IN CONNECTION WITH

## THE OFFER OF INVESTMENTS TIED TO THE WELLNESSTECH SYSTEMS

40. In connection with the offer of investments tied to the WellnessTech System, Respondents are intentionally failing to disclose the following material facts relating to the operations of Respondent Advanced Wellness:
- A. The business repute, qualifications and experience of Respondent Advanced Wellness, including its experience in successfully evaluating, managing and servicing medical equipment, and
  - B. The assets, liabilities and capitalization of Respondent Advanced Wellness, or any financial information relating to its ability to satisfy its promise to pay a fixed annual return of 20 percent over a two-year term.
41. In connection with the offer of investments tied to the WellnessTech System, Respondents are telling investors that Respondent Advanced Wellness is a limited liability company, and these statements constitute misrepresentations of relevant facts because Respondents know that Respondent Advanced Wellness has not filed any paperwork with the Texas Secretary of State and is not authorized to transact business in Texas as a domestic or foreign limited liability company.
42. In connection with the offer of investments tied to the WellnessTech System, Respondents are telling potential investors that the WellnessTech System has been trademarked, and these statements constitute misrepresentations of relevant facts because Respondents know the WellnessTech System has not received a trademark.
43. In connection with the offer of investments tied to the WellnessTech System, Respondents are intentionally failing to disclose the following material facts relating to the risks associated with the investments tied to the WellnessTech System:
- A. The WellnessTech System may be subject to technical glitches, malfunctions, defects or other technical impediments, and these technical impediments may negatively impact its ability to test patients,
  - B. The WellnessTech System may suffer physical or elemental damage, such as cracks, abrasions or contamination from water, that may negatively impact its ability to test patients,
  - C. Respondent Advanced Wellness competes with other entities for market share, and promoters of other products may secure contracts with medical facilities that require the medical facilities to use products other than the WellnessTech System,
  - D. Respondent Advanced Wellness does not claim to have secured a patent for the WellnessTech System, and as such other entities may develop and market products that contain the same or substantially similar technology,
  - E. Turnover of staff at medical facilities may require Advanced Wellness or another party to regularly train new practitioners before the practitioners can use the WellnessTech System to test patients,

- F. Medical facilities using the WellnessTech System compete with other medical facilities for market share, and this competition may result in fewer patients frequenting a medical facility using the WellnessTech System,
  - G. A medical facility using the WellnessTech System may close, file for bankruptcy or otherwise cease doing business, and
  - H. Changes in regulation by the government or coverage by insurance carriers may negatively impact the use, costs or profitability of the WellnessTech System.
44. In connection with the offer of investments tied to the WellnessTech System, Respondents are intentionally failing to disclose Respondent Recovery Management's role in offering, servicing or managing the WellnessTech System or investments tied to the WellnessTech System, and this information constitutes a material fact.
45. In connection with the offer of investments tied to the WellnessTech System, Respondents are intentionally failing to disclose the following material facts relating to other investment offerings:
- A. Respondent Recovery Management has been advertising "Secured Partnership Investments" tied to secured mortgages and other types of receivables that purportedly generate returns of more than 20 percent on an annual basis, and
  - B. Any information that reflects the success of the Secured Partnership Investments, as well as any outstanding obligations to investors promised a return of more than 20 percent on an annual basis.
46. In connection with the offer of investments tied to the WellnessTech System, Respondents are intentionally failing to disclose the following material facts relating to the Enforcement Division:
- A. Respondents are intentionally failing to disclose that the Enforcement Division determined the investments tied to the WellnessTech System are securities regulated by the Securities Act,
  - B. Respondents are intentionally failing to disclose that the Enforcement Division determined that Respondents were violating statutory registration and disclosure requirements through their offer of investments tied to the WellnessTech System, and
  - C. Respondents are intentionally failing to disclose that Respondent Johnson submitted false information to the Director of the Enforcement Division and misrepresented that Respondent Advanced Wellness and Respondent Johnson would comply with the Securities Act by ceasing offers of the investments tied to the WellnessTech System.

**MISLEADING AND DECEPTIVE STATEMENTS IN CONNECTION WITH  
THE OFFER OF INVESTMENTS TIED TO THE WELLNESSTECH SYSTEMS**

47. Respondents are telling potential investors that Personalized Healthcare is responsible for managing and servicing WellnessTech Systems placed at medical facilities. These statements are materially misleading or otherwise likely to deceive the public because Respondents are not providing investors with the following information:
  - A. The identity of the principals of Personalized Healthcare, as well as their business repute, qualifications or experience, and
  - B. Any information that shows Personalized Healthcare has successfully managed and serviced medical equipment or can successfully manage and service medical equipment.
  
48. Respondents are telling potential investors they may assume a medical facility will use the WellnessTech System to test between 250 patients and 300 patients per month, and that this volume of testing may result in the payment of an additional return of between \$1,250.00 and \$1,500.00 per month. These statements are materially misleading or otherwise likely to deceive the public because Respondents are not providing investors with the following:
  - A. A full and complete description of the basis for the projections, and
  - B. Any information that shows similar medical facilities have been using the WellnessTech System to test between 250 and 300 patients per month.

#### **CONCLUSIONS OF LAW**

1. The investments tied to the WellnessTech System are “securities” as that term is defined in Section 4.A of the Securities Act.
2. Respondents are violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.
4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents’ conduct, acts and practices threaten immediate and irreparable harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

**ORDER**

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until they are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

**NOTICE**

Pursuant to Section 23-2 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Securities Act is a third-degree felony punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 7<sup>th</sup> day of

March, 2019.



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TRAVIS J. ILES  
Securities Commissioner